



THE CITY OF SAN DIEGO

# San Diego Regional Enterprise Zone

## What is an Enterprise Zone?

An Enterprise Zone is an economically disadvantaged area in which businesses can receive substantial state tax credits and other competitive advantages. Enterprise Zones are geographically defined and created by the state of California to encourage business investments in areas where they are traditionally low and to spur job growth in areas of high unemployment.

There are 42 designated Enterprise Zones in California. Two of these zones are located right here in San Diego.

- ❖ The San Diego Regional Enterprise Zone was established in 2006. It includes portions of San Diego in the Third, Seventh and Eighth Council Districts, as well as parts of the City of Chula Vista and National City.
- ❖ The “special enterprise zone” is located at the Naval Training Center and provides advantages similar to other Enterprise Zones, though specific eligibility criteria and benefits may differ. Businesses of all types that are located within a Local Area Military Base Recovery Area (LAMBRA) are eligible.

## How do businesses benefit from being in the San Diego Regional Enterprise Zone?

Businesses within the Enterprise Zone are eligible for tax credits on their California Business income tax. Tax credits are more beneficial than tax deductions. If the tax credits exceed the amount of taxes owed for that year, unused tax credits can be carried forward to future tax years.

### Tax Benefits:

- **Sales or Use Tax Credit:** A tax credit of up to \$1.35 million annually may be claimed for sales tax on purchases of new manufacturing or production equipment.
- **Hiring Credit:** Tax credits may be claimed on up to 50 percent of the wages paid to qualified new employees over a five-year period. This credit could exceed \$34,000 per eligible employee.
- **Loss Deduction:** All net operating losses may be carried forward as a deduction in future years.
- **Net Interest Deduction for Lenders:** Both private and commercial lenders are allowed a deduction on the net interest earned from loans made to Enterprise Zone businesses. Qualified loans include business loans, mortgages and loans from noncommercial sources. This means easier loan approval for Enterprise Zone businesses.

(For more benefits please see reverse.)



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## Additional Enterprise Zone benefits:

- **Employee Finder:** No-cost job referral service that can be used to find qualified employees whose wages can be claimed as tax credits.
- **Permit Assistance:** City staff can expedite and assist with development permit applications.
- **Fee Reduction:** Waiver or reduction of certain development fees.
- **Tax Savings:** Tax savings for Enterprise Zone employees.

For more information about Enterprise Zones and other business incentives and development programs, please contact:

### San Diego Regional Enterprise Zone

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## General Information About the San Diego Regional Enterprise Zone

### SPECIAL ADVANTAGES

- Overlapping Foreign Trade Zone
- Overlapping Recycling Market Development Zone
- Large Multi-Ethnic Labor Pool
- Two International Border Crossings in Zone

### INDUSTRIAL AND COMMERCIAL SITES

- Brown Field Industrial Park
- Chula Vista MidBayfront
- International Business Center
- International Gateway of the Americas
- Ocean View Hills Corp.
- Port of San Diego Energy Redevelopment Site
- Siempre Viva Business Park

### UTILITIES

#### Electricity and Gas

- San Diego Gas and Electric

#### Water

- City of San Diego
- Otay Water District
- CA-AM Water Co.

#### Sewer

- City of San Diego
- City of Chula Vista

### TRANSPORTATION

#### Airport

- San Diego International
- Brown Field Municipal
- Tijuana International

#### Railways

- San Diego Trolley
- San Diego and Arizona Eastern